



Wisconsin Association of
Family & Children's Agencies

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Linda A. Hall
Executive Director

TO: The Honorable Members of the Senate Committee on Health, Health Insurance,
Privacy, Property Tax Relief, and Revenue

FROM: Linda A. Hall, Executive Director

DATE: February 24, 2010

RE: Senate Bill 452 - Tax Exemption for Food Served by Child Welfare Facilities

The Wisconsin Association of Family and Children's Agencies (WAFCA) strongly supports Senate Bill 452, which would exempt residential treatment centers, group homes for children and treatment foster care homes from tax on meals served to the children in their care.

WAFCA represents more than forty private non-profit and for-profit agencies that provide mental health, education and social services to children and families in need. Our members' services include child welfare programs; family, group and individual counseling; chemical dependency treatment, crisis intervention, domestic violence programs; and outpatient mental health therapy, among others. The majority of our agencies' treatment with children and families is supported by the public through Community Aids, Medical Assistance and local tax dollars.

Children served by our member child welfare agencies are in our care because they have mental health conditions that require treatment or because they have been removed from their parents' homes due to child abuse or neglect. Their care is nearly always paid for by public dollars.

This bill would add children's residential treatment centers, group homes for children and treatment foster care agencies to the list of service providers, including day care centers and community-based residential facilities that are exempt from sales tax on the meals they serve. Residential treatment centers and group homes only serve food to the children in their care. The treatment for these children is a public service that should be exempt from taxation.

It is our understanding based upon communications from the Department of Revenue that the exclusion of child welfare agencies from this provision is an oversight. This issue came to our attention last year when the Department of Revenue informed one residential treatment center that they were required to pay this tax. We are not aware of any other agencies having paid the tax or being informed that they should pay the tax.

Because agencies have not paid these taxes in the past, there should be minimal to no fiscal impact from this bill. SB 452 would simply allow children's residential programs the same relief from tax on the meals they serve to the children in their care as is afforded to day care centers and nursing homes.

We urge you to support SB 452. If we can provide any additional information or answer any questions, please do not hesitate to contact us.

The Wisconsin Association of Family and Children's Agencies (WAFCA) is a membership organization representing non-profit and for-profit mental health, education and social services agencies across Wisconsin. WAFCA promotes effective accountable human services to enhance the quality of life for families and children, especially those in crisis.

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TO: Honorable Members of the Senate Committee Health, Health Insurance, Privacy,
Property Tax Relief, and Revenue

FROM: Secretary Reggie Bicha, Wisconsin Department of Children and Families
Secretary Roger Ervin, Wisconsin Department of Revenue

DATE: February 24, 2010

RE: Support for SB 452 – Sales Tax Exemption for Food Served by Child Welfare Facilities

We are writing to you today to offer our support for SB 452, a bill that would provide a sales and use tax exemption for food sold by child welfare facilities.

Current law provides a sales and use tax exemption for food sold by a variety of care facilities, including:

- hospitals
- nursing homes
- retirement homes
- community-based residential facilities
- sanitoriums
- day care centers

SB 452 would extend the exemption in current law to residential care centers for children and youth. These centers provide care for children that is similar to the care provided to adults at community-based residential facilities.

Child welfare facilities serve children that have been removed from their homes due to abuse or neglect or because they have mental health conditions requiring on-site treatment. The exemption provided by SB 452 would cover meals served to these children.

The Department of Revenue expects the fiscal effect of SB 452 to be minimal.

Please consider supporting this important piece of legislation.

Thank you.